

## SMG Benchmark Analysis of CIB Facilities

The following schedule compares the Indianapolis Convention Center and Lucas Oil Stadium with a similar convention center/stadium combination at Reliant Park in Houston.

<i>(\$ in thousands)</i>	Indianapolis	Houston
Comparable Revenue	\$ 9,587	\$ 12,164
Comparable Expenses	\$ 29,605	\$ 19,348
Amount of expense incurred for every dollar of revenue	\$ 3.09	\$ 1.59

The following schedule compares the Indianapolis Convention Center with four similar convention centers in Denver, Pittsburgh, Atlantic City, and Columbus, OH.

<i>(\$ in thousands)</i>	Indianapolis	Denver	Pittsburgh	Atlantic City	Columbus
Revenue	\$ 5,753	\$ 10,835	\$ 6,748	\$ 6,513	\$ 8,789
Expenses	\$ 19,666	\$ 14,275	\$ 9,849	\$ 9,892	\$ 9,877
Amount of expense incurred for every dollar of revenue	\$ 3.42	\$ 1.32	\$ 1.46	\$ 1.52	\$ 1.12

## **Marion County Capital Improvement Board operations review**

- Total personal services costs at the CIB are greater than \$25 million. The review by Bob Goad identified more than \$3 million in personnel expenses that could be reduced. The SMG benchmark confirmed Goad's analysis with a difference of \$6 million in personnel expenses for similar sports and convention facilities in Houston.
- When SMG compared Indianapolis to four similarly-sized convention centers (Denver, Pittsburgh, Atlantic City, and Columbus, Ohio), it determined that the CIB spends \$12.71/sq. ft. more (183 percent) than its benchmarked average. Put another way, for every dollar of revenue, the amount of expense incurred at the Indianapolis Convention Center is \$3.42 versus an average of \$1.36 for the other four.
- Even after cutting the operating budget, the CIB plans to spend 26 percent more than in 2008 and 46 percent more than in 2007 in professional services, which includes lawyers, accountants, and financial advisors.
- The CIB has \$1.5 million in advertising that duplicates the marketing efforts of the Indianapolis Convention and Visitors Association (ICVA) and can be combined into the ICVA's operations without additional costs.
- Total operating expenses after CIB adjusted its budget are still estimated by the two reviews to be \$10 million to \$13 million more than similar facilities.

## **Qualifications of professionals who performed reviews**

### **Bob Goad**

- Operations expert
- Spent the past 20 years working in principal investments with two of the world's leading financial institutions
- Overseen scores of proprietary-owned enterprises across a number of industries including the broadcast affiliate of the New York Yankees
- Currently a managing partner of Highbridge Capital Management, which is majority-owned by JPM

### **SMG**

- Originated in 1977
- Has provided management services to more than 219 public assembly facilities including arenas, stadiums, theaters and performing arts centers, and convention and exhibition centers
- Facilities across the United States, Puerto Rico, Mexico, Canada, and Europe
- Manages more than 11 million square feet of exhibition space and more than 1.5 million entertainment seats worldwide
- Provides construction and design consulting, pre-opening services, venue management, sales, marketing, event booking, and programming
- SMG is an affiliate of American Capital Ltd.

## **Proposal to consolidate the Indianapolis-Marion County Building Authority and the Marion County Capital Improvement Board into a new board**

To achieve increased efficiencies and to consolidate the two organizations that own or operate public buildings in Marion County, this proposal would combine the Indianapolis-Marion County Building Authority (the “Building Authority”) and the Marion County Capital Improvement Board (the “CIB”) into the Facilities Management Board of Marion County (the “New Board”).

The new board:

- Would have nine members, three appointed by the mayor of Indianapolis, two appointed by Marion County commissioners, two by the governor (one appointment must be a resident of a contiguous county which imposed the food and beverage tax in 2005), one by the City-County Council of Indianapolis, and the final member will be the president of the Indianapolis Convention and Visitors Association. No more than two of the mayor's appointments may be from the same political party, and no more than one of the county commissioners' or governor's appointments may be from the same political party. The terms of the directors would be two years, following the initial terms which will be staggered.
- Would have all of the powers, rights, duties and obligations of the Building Authority and the CIB (including all leases, liabilities, contracts and agreements). The consolidation would become effective on July 1, 2009.

### **Building Authority**

The Building Authority is a city-county building authority created by Marion County. It constructs, finances, operates and maintains governmental buildings and systems. It has operated and maintained the City-County Building since 1962. The Building Authority has bonds outstanding that financed some of these facilities. Currently, the board of trustees is appointed as follows: the county commissioners appoint two trustees, the city-county council appoints two trustees, and the mayor appoints one trustee. The board of trustees appoints the five-member board of directors, which serves as the operating board of the Building Authority. The proposed legislation provides that the Building Authority would be renamed as the “New Board” and continue to exercise the powers of a building authority.

### **CIB**

The CIB was created and operates as a “capital improvement board”, with the power to acquire, construct, finance, convey and lease, control and operate capital improvements. Appointments are as follows: mayor, six appointments; county commissioners, two appointments; city-county council, one appointment. By practice, the president of the Convention and Visitors Association has served as a non-voting member. The CIB has bonds outstanding and also is the lessee or sub-lessee on bonds issued by both the Marion County Facilities and Recreational Authority and the Indiana Stadium and Convention Building Authority. The proposed legislation will replace the CIB with the “New Board”, which would continue to exercise the powers of CIB and continue to receive the various taxes the CIB has previously received.

### **Marion County Building Authority portfolio**

- City-County Building
- Arrestee Processing Center
- Marion County Jail
- Public Safety Training Academy
- Juvenile Justice Complex
- Belmont Garage
- Department of Metropolitan Development Properties
- Public Safety Communications System
- Riverside Garage

### **Capital Improvement Board portfolio**

- Conseco Fieldhouse
- Victory Field
- Lucas Oil Stadium
- Indiana Convention Center

**All facilities will become part of the operation of the new Facilities Management Board of Marion County.**